

**MINUTES  
of the  
SEVENTH MEETING  
of the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**December 16, 2003  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque, New Mexico**

The seventh meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Nancy Rodriguez, chair, on December 16, 2003 at 9:00 a.m.

**PRESENT**

Sen. Nancy Rodriguez, Chair  
Rep. Fred Luna, Vice Chair  
Sen. Manny M. Aragon  
Sen. Mark Boitano  
Rep. Jane E. Powdrell-Culbert

**ABSENT**

Rep. Richard Cheney  
Sen. Leonard Lee Rawson  
Rep. Raymond M. Ruiz

**Advisory Members**

Sen. Ramsay L. Gorham  
Sen. Richard C. Martinez  
Rep. Daniel P. Silva  
Sen. H. Diane Snyder

Rep. Thomas A. Anderson  
Rep. Miguel P. Garcia  
Sen. Phil A. Griego  
Rep. Antonio Lujan  
Sen. Richard M. Romero

**Staff**

Rachel Ray

**MFA Staff**

Lionel Holguin  
Sandra Marez  
Erin Quinn

Senator Rodriguez called the meeting to order at approximately 9:00 a.m.

David Harris, co-chair of the Governor's Finance Council (GFC), spoke to the committee on what has been done regarding concerns expressed about the governor's Executive Order 2003-017. He distributed a resolution to the committee "authorizing and approving participation by the New Mexico Finance Authority (NMFA)" in activities and efforts of the GFC. He stated that resolutions acknowledging that the MFA is not a state agency were presented to boards of both

the MFA and the NMFA. The MFA attorney advised drafting the resolutions. Mr. Harris opined that board members felt obligated to participate in the GFC because the governor had appointed at least half of them. Mr. Harris said he does not believe that the resolution changes the obligations of the committee. He further stated that the GFC fills a void that has been present for some time in New Mexico.

Committee members noted that there is a conflict between city and state law regarding land use and zoning, and that there needs to be a statewide basic land use plan. Mr. Harris said that there had been some review of this issue. Mr. Sivitch of the MFA board said that, in regard to land use and zoning, state government could facilitate the development of infrastructure. Mr. Harris stated that the Horizon Task Force, expected to be in full operation after the next legislative session, would complement the GFC's activities.

Committee members discussed with Mr. Harris the capital outlay process and the changes recommended by the GFC. Some members were worried about the new criteria, including the requirement that there be a \$100,000 minimum for capital outlay projects funded by bonds. Mr. Harris told the committee that the reform of the capital outlay process was developed by the Department of Finance and Administration, and that he could not address all the specifics of the recommendations. However, he also said that the administration is not trying to block project requests that are under \$100,000 but believes that they are more appropriately funded with nonrecurring general funds. Mr. Harris stated that, currently, 8,300 projects below \$100,000 — 80 percent of the current capital outlay projects — are being funded with bonds. Those projects, he said, should not be funded with credit. Committee members gave examples of how historic buildings in the state had been preserved through members combining their capital outlay requests. They expressed fear that this will not be allowed pursuant to the recommended process. They also expressed concern that, under the governor's new plan, some schools will not be able to own the equipment they currently have.

One member expressed the view that the governor should issue a list of what he considers to be statewide priorities for capital outlay projects, and that he should not spend his capital budget until legislators have had the opportunity to review the list.

Additionally, concern was expressed that GFC membership was lacking in appropriate experts, including engineers, homebuilders and other professionals involved in the day-to-day work of planning and building infrastructure. Some members felt that certain language in the plan was derogatory to the legislators and wanted examples of what were characterized as "accusations" in the report. At least one member requested that the governor and his staff meet with legislators to discuss their objections to the new plan.

The next presentation, made by Erin Quinn of the MFA, involved the housing trust fund final report. Ms. Quinn has reviewed the progress of the fund task force throughout the interim. She distributed a memorandum to members covering such topics as source of funds, use of funds and housing trust fund activities. In response to the committee's inquiries, Ms. Quinn

stated that the MFA would be introducing a bill in the next legislative session that would create the structure of the trust fund. Ms. Quinn asked for an endorsement for the proposed bill from the committee. The committee voted to endorse the bill.

There was a discussion between the committee and Ms. Quinn regarding how the MFA determines when to finance projects for affordable housing. One member noted that constituents have complained to her about the MFA's building of more rental units — despite there being a high apartment vacancy rate in Albuquerque. Mr. Sivitch stated that he knew that developers in Albuquerque have concerns about the apartment vacancy rate. There was a general discussion about what is regarded as unaffordable housing. MFA staff responded that if a person must spend more than 30 percent on housing costs, the housing is unaffordable to the person.

Lionel Holguin of the MFA was the next presenter. He gave an update on the affordable housing act. The governor's staff has approved all changes to the previously introduced bill, and Mr. Holguin expects that the bill will be put on the governor's call for the next legislative session. Committee members questioned Mr. Holguin about what the terms "low" and "moderate" income mean. He responded that moderate income means 80 percent of area median income and low income is 50 percent of area median income.

Ms. Quinn then advised the committee on the MFA's legislative agenda for 2004. Items include addressing homelessness; funding requirements for weatherization services; passing the affordable housing act; and the housing trust fund and the Land Title Trust Fund. The committee voted to endorse all proposals.

Senator Snyder stated that the resignation of Jim Stretz, former executive director of the MFA, was a tremendous loss to the MFA.

The committee voted to approve the minutes of the October meeting.

There being no further business to be considered at this meeting, the committee adjourned at noon, after motion duly made, seconded and unanimously adopted.